

Ashmore Group plc
(the "Company")

Audit Committee - Terms of Reference

The Board of the Company (the "**Board**") resolved to appoint a committee known as the Audit Committee (the "**Committee**") and approved the following terms of reference for the Committee at a meeting held on 3rd July 2006 (as amended at meetings held on 11 October 2006, 21 August 2008 , 10 September 2009 and 30 June 2010) .

Membership

The Committee shall consist exclusively of not less than three independent non-executive directors appointed by the Board. Each member of the Committee shall be free from any relationship that may interfere with the exercise of his or her judgment as a member of the Committee. At least one member shall have recent and relevant financial experience and preferably a professional accountancy qualification. The chairman of the Board shall not be a member of the Committee.

The chairman of the Committee shall be appointed by the Board but in the absence of the chairman and/or an appointed director the remaining members present shall elect one of themselves to chair the meeting. The members of the Committee shall be appointed by the Board, on the recommendation of the nomination committee in consultation with the chairman of the Committee.

Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the chairman of the Board, chief executive, finance director, other directors, the heads of risk, compliance and internal audit and representatives from the finance function may be invited to attend all or part of any meeting as and when appropriate.

The external auditors will be invited to attend meetings of the Committee on a regular basis.

Appointments shall be for a period of up to three years, extendable by no more than two additional three year periods, provided the directors remain independent.

Procedure

Quorum

The quorum for meetings of the Committee shall be two members present in person or by telephone. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

Operation

The Committee shall meet as necessary and at least three times a year, as decided by the chairman in consultation with the company secretary.

Notice

Meetings of the Committee shall be summoned by the secretary of the Committee at the request of any of its members or at the request of external or internal auditors if they consider it necessary. Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required or invited to attend and all other non-executive directors, no later than 5 working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

Interests

Each member of the Committee shall disclose to it:

- any personal financial interest (other than as a shareholder) in any matter to be decided by the Committee; or
- any potential conflict arising from a cross-directorship.

Any such member shall abstain from voting on resolutions of the Committee in relation to which such interest exists and from participating in discussions concerning such resolutions

Reporting

The secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance. The secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly. Unless a conflict of interest exists, minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board.

The Committee chairman shall report formally to the Board after each meeting, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken.

The terms of reference of the Committee shall be made available on request and displayed on the Company's website and a separate section of the Annual Report shall list the members of the Committee and describe the work of the Committee in discharging its responsibilities.

The chairman of the Committee shall attend the Annual General Meeting prepared to respond to any shareholder questions relating to the duties of the Committee.

Duties

Financial reporting and internal controls

The Committee shall:

- monitor the integrity of the financial statements of the Company, including its annual and half-yearly reports, interim management statements and any other formal announcement

relating to its financial performance, reviewing significant financial reporting issues and judgements which they contain. The Committee shall also review summary financial statements, significant financial returns to regulators and any financial information contained in certain other documents, such as announcements of a price sensitive nature;

- review and challenge where necessary:
 - (i) the consistency of, and any changes to, accounting policies both on a year on year basis and across the Company/group;
 - (ii) the methods used to account for significant or unusual transactions where different approaches are possible;
 - (iii) whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
 - (iv) the clarity of disclosure in the Company's financial reports and the context in which statements are made; and
 - (v) all material information presented with the financial statements, such as the operating and financial review and the corporate governance statement (insofar as it relates to the audit and risk management);
- review the annual financial statements of the pension funds, where such statements are not reviewed by the Board as a whole.

Internal controls and risk management systems

The Committee shall:

- keep under review the effectiveness of the Company's internal controls and risk management systems; and
- review and approve the statements to be included in the annual report concerning internal controls and risk management, unless this is done by the Board as a whole.

Whistleblowing and fraud

The Committee shall

- review the Company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action; and
- review the Company's procedures for detecting fraud.

Internal audit

The Committee shall:

- review the Company's internal controls and, unless expressly addressed by a separate Board risk committee composed of independent directors, or by the Board itself, to review the Company's internal control and risk management systems and review and approve the statements to be included in the Annual Report concerning internal controls and risk management.
- review, yearly, the need for an internal audit control and risk management system. To make recommendations to the Board on its review and to give the reasons for the absence of such a function.

External audit

The Committee shall:

- consider and make recommendations to the Board, to be put to shareholders for approval at the Annual General Meeting, in relation to the appointment, re-appointment and removal of the Company's external auditor. The Committee shall oversee the selection process for new auditors and if an auditor resigns the Committee shall investigate the issues leading to this and decide whether any action is required;
- oversee the relationship with the external auditor including (but not limited to):
 - (i) approval of their remuneration, whether fees for audit or non-audit services and that the level of fees is appropriate to enable an adequate audit to be conducted;
 - (ii) approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
 - (iii) assessing annually their independence and objectivity taking into account relevant UK professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services;
 - (iv) satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the Company (other than in the ordinary course of business);
 - (v) agreeing with the Board a policy on the employment of former employees of the Company's auditor, then monitoring the implementation of this policy;
 - (vi) monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and other related requirements;

- (vii) assessing annually their qualifications, expertise and resources and the effectiveness of the audit process which shall include a report from the external auditor on their own internal quality procedures;
- (viii) seeking to ensure co-ordination with the activities of the internal audit function; and
- (ix) considering the risk of the withdrawal of the Company's present auditor from the market;
- meet regularly with the external auditor, including once at the planning stage before the audit and once after the audit at the reporting stage. The Committee shall meet the external auditor at least once a year, without management being present, to discuss their remit and any issues arising from the audit;
- review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement;
- review the findings of the audit with the external auditor. This shall include but not be limited to, the following:
 - (i) a discussion of any major issues which arose during the audit;
 - (ii) any accounting and audit judgements; and
 - (iii) levels of errors identified during the audit.
- The Committee shall also review the effectiveness of the audit:
 - (i) review any representation letter(s) requested by the external auditor before they are signed by management;
 - (ii) review the management letter and management's response to the auditor's findings and recommendations; and
 - (iii) develop and implement a policy on the supply of non-audit services by the external auditor, taking into account any relevant ethical guidance on the matter.

Other matters

The Committee shall:

- have access to sufficient resources in order to carry out its duties, including access to the Company secretariat for assistance as required;
- be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;

- give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules as appropriate;
- be responsible for co-ordination of the internal and external auditors;
- oversee any investigation of activities which are within its terms of reference and act for internal purposes as a court of the last resort; and
- at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

Authority

The Committee is authorised:

- to seek any information it requires from any employee of the Company in order to perform its duties;
- to obtain, at the Company's expense, outside legal or other professional advice on any matter within its terms of reference; and
- to call any employee to be questioned at a meeting of the Committee as and when required.